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PM/DTCC - BLUE LANTERN COORDINATOR

E.O. 12958: N/A
TAGS: [ETTC](#) [KOMC](#) [SA](#)
SUBJECT: SAUDI ARABIA RESPONSE TO BLUE LANTERN FOR LICENSE
05014165

REF: A. STATE 37284
 [B.](#) (06) RIYADH 07449

SUMMARY

[¶](#)1. Post conducted an end use check on license number 5014165 involving the Saudi Ministry of Defense (MOD) and Al Raha Group for Technical Services (RGTS). Post concluded that RGTS is a well known company and a reliable recipient of USML items. END SUMMARY.

REFTEL Questions

[¶](#)2. Does the company have supporting documentation for this proposed transaction?

-- Yes, RGTS has supporting documentation. All requirements for purchases of F15 and C130 items are listed in contracts issued by the US Government, or for items requested by requisitions from Royal Saudi Air Force (RSAF). RGTS requisition requirements from RSAF require approval for purchase by the US Government Procurement Contracting Officer (PCO) or Administrative Contracting Officer (ACO).

What role will Bin Hassoun Int'l Trade Est. and Fast Balance Office for Salvation Customs play in the proposed transaction?

-- These are two of many companies that process items through Saudi customs. Bin Hassoun Intl Trade Est. handles all ocean clearances at Dammam and Fast Balance Office for Salvation Customs handles clearances at King Khaled Intl Airport Riyadh.

Does the company have secure facilities and proper accounting and security procedures for handling sensitive USML items?

-- RGTS has security warehouses with 24/7 security and all items are tracked in and out of the facilities to the end user.

What is the exact end-use for the USML items? Will Al Raha Group for Technical Services retain positive control over the F-15 and C-130 component parts at all times?

-- The end user for RGTS is the Royal Saudi Air Force (RSAF). RGTS has control of parts up until they are delivered to the RSAF.

When was the company established and who are it's principals?

-- RGTS was established in 1986 as a technical services company. The principal officer in the company is Yahya Essa Al Saadi Alzahrani, Brig. General RSAF (Retired), Chief Executive Officer.

What is the nature of it's business -- what type of items does it handle, does it serve as a broker?

-- Al Raha Group for Technical Services was established as a technical services company that quickly expanded into other fields. Today, it specializes in Supply Chain Management (SCM), services and repair and refurbishment of Aerospace Ground Support Equipment (AGE), and Special Purpose Vehicles (SPV), Integrated Logistics Support (ILS), systems design and integration and training. RGTS supplies a wide variety of parts that are needed in the repair of RSAF F-15, C-130, and support equipment used to support these aircraft. RGTS is a license broker for several companies and has active DS-2032 Statement of Registration with the Department of State.

What types of organizations are among its typical customers and where are the customers located?

-- RGTS primary customer is the RSAF through Foreign Military Sale (FMS) Contracts issued by the US Government WR-ALC/830TH ACSG/GFKA at Robins Air Force Base.

Security Assessment

13. Following a site visit by Pol/Mil off and the Regional Security Office (RSO), RSO provided the following security assessment of RGTS' operations:

Four members of the RGTS team met with us during our visit: Yahya Al Saadi, Chief Executive Officer; Nadim Darwish

Shilleh, Internal Audit Manager; Hilal Abdul Khalek, Assistant Facility Manager; and Raymond Proctor, Procurement Manager. The group explained that they have been in business since 1986 and have not had any major security incidents since inception. RGTS has one headquarters office, five warehouses and six workshop locations in various cities within the Kingdom of Saudi Arabia.

During the meeting and subsequent tour of the headquarters facility Embassy security officer determined that the Al Raha Group has in place the following security measures to safeguard its property and interests:

-- Utilization of the Safety and Security Company which is a local contract guard company that provides a 24 hour unarmed security presence at all RGTS facilities.

--RGTS provides written guard orders for each of its locations.

-- RGTS employs a visitor's access control system by having the local guard log all visitors coming onto the properties into a manifest and issuing a visitor's badge.

-- Utilization of surveillance camera systems that are monitored on-site by the guard on duty and remotely by the headquarters office. The cameras monitor all activities inside and outside RGTS' locations.

-- Background screening and vetting of potential employees in the application process.

Based on the listed information and site visit the Embassy found that RGTS has security measures in place that are in keeping with local Saudi Arabian security practices and customs.

Business Operation Assessment

14. The US Commercial Service at post provided the following assessment of the company's reputation:

Al Raha Group for Technical services is a well known company to US Embassy Riyadh's Commercial Service and is owned by His Royal Highness, Khalid bin Sultan, Deputy Minister of Defense and Aviation for Military Affairs. According to US Commercial Service (USCS) trade specialist, no derogatory information was found on RGTS. RGTS is the agent/representative for GE aircraft engines in Saudi Arabia. USCS trade specialist regards RGTS to be a reliable recipient of USML items. USCS completed an International Company Profile on RGTS which will be forwarded to PM/DTCC via email.

U.S. Training Mission Indpedent Confirmation

15. The U.S. Training Mission (USMTM) in Saudi Arabia, which works with RSAF, confirmed that RGTS supplies RSAF with F15 and C130 parts as part of a larger Direct Commercial Sales (DCS) case. The case includes over 8,000 parts, thus USMTM was unable to confirm that specific parts included in Blue Lantern license number 05014165 were delivered without having specific part numbers. USMTM did, however, make direct contact with RGTS in regards to this Blue Lantern in order to confirm that RGTS is currently a vendor to RSAF.

COMMENT

16. Based on information provided by the RSO, USCS, and USMTM, Pol/Mil is of the view that the above mentioned steps and procedures constitute a system that maintains adequate security of stored items and tracks movement of requisitioned items from storage location to end user. By all indications that Pol/Mil has received, RGTS is a reputable and reliable local company. We also note that RGTS was the subject of a previous Blue Lantern check (REFTEL B) in 2006, at which time Pol/Mil provided a favorable report after tracking a purchase order to the end user.

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